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FISCAL IMPACT REPORT

ORIGINAL DATE 01/29/13

SPONSOR Hall LAST UPDATED _____ HB 205

SHORT TITLE Create State Financial Regulation Fund SB _____

ANALYST Weber

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15		
See Fiscal Implications			Nonrecurring	New Fund-State Financial Regulation Fund

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI				

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB 173

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation and Licensing Department (RLD)

SUMMARY

Synopsis of Bill

House Bill 205 creates the "State Financial Regulation Fund" as a non-reverting fund in the State Treasury. The fund consists of money distributed to the Financial Institutions Division of the Regulation and Licensing Department pursuant to the consent judgment entered by the court in litigation between mortgage lenders and various states, including New Mexico. The fund shall be administered by the Division. Money in the fund is subject to appropriation by the legislature to the Financial Institutions Division to support and improve state financial regulation and supervision as provided in the consent judgment. Disbursements from the fund shall be made by

warrant of the Secretary of Finance and Administration pursuant to vouchers signed by the director of the Financial Institutions Division or the director's authorized representative."

FISCAL IMPLICATIONS

The bill does not generate any revenue but allows for the creation of a fund to receive monies from the National Mortgage Settlement.

In 2012, the Financial Institutions Division was awarded \$1,000,000 as part of the National Mortgage Settlement as a result of litigation involving the five leading bank mortgage servicers in the country and unfair practices within the mortgage servicing industry, including those which occurred in New Mexico. A part of the settlement allocated \$1,000,000 per state to the state financial regulators who signed the consent decree. New Mexico was a participant and was eligible for the funds.

The funds, apparently on a temporary basis pending the creation of a permanent fund, are deposited in RLD fund 11550 authorized by DFA in September 2012 (see attachment 2).

SIGNIFICANT ISSUES

Attached (Attachment 1) is the page from the final consent decree authorizing the \$1,000,000 distribution to each state. The decree does not note any specific purpose for expenditure of the funds, apparently leaving that to the discretion of each legislature. This bill limits the use of the funds rather than leaving the purpose unspecified and consistent with the decree language.

POSSIBLE QUESTIONS

1. Since the decree notes no "ear-marked" purpose for the funds, should the monies just be deposited in the general fund?
2. Should the fund be non-reverting?

MW/bm

- d. In accordance with written instructions from the State members of the Monitoring Committee, the Escrow Agent shall distribute \$65,000,000.00 to the Conference of State Bank Supervisors (CSBS). CSBS shall use \$15,000,000 to establish the "State Financial Regulation Fund," a fund to be managed and used by CSBS to support and improve state financial regulation and supervision. From the balance, CSBS shall transfer \$1,000,000 per state to the state financial regulators who have signed this Consent Judgment. Where multiple agencies within a single state claim regulatory jurisdiction, CSBS shall transfer that state's funds as provided in an agreement between or among those regulatory agencies. In addition, state financial regulators may, at their discretion, enter into an agreement with CSBS for the management and disbursement of all or a portion of the funds paid to them. If, for any reason, a state financial regulator elects to forego receipt of their transfer payment or in the case of a participating state where the state financial regulator declines to sign this Consent Judgment, such funds shall revert to the State Financial Regulation Fund.
3. Any interest earned on funds held by the Escrow Agent may be used, at the discretion of the State members of the Monitoring Committee, to pay the costs and expenses of the escrow or the costs and expenses of administration, including taxes, or for any other housing related purpose.



**Department of Finance and Administration
Financial Control Division / Support Unit
Department Maintenance Form**



Agency Information

Requesting Agency: Regulation and Licensing Department	Agency Code: 4 2 0 0 0
Name of Agency Contact: Larissa Byrd	Phone: (505) 476-4523
Agency Contact Email: larissa.byrd@state.nm.us	

If this new department code is also being used for payroll, please send a copy of this form to SHARE HCM Team - Central Payroll Bur.

Department Codes

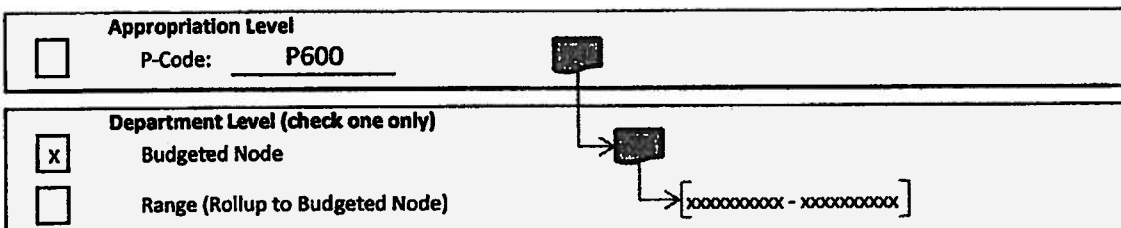
Add: <input checked="" type="checkbox"/>	Change: <input type="checkbox"/>	Inactivate: <input type="checkbox"/>	See Attached: <input type="checkbox"/>
P-Code: <input type="checkbox"/> (Requires State Budget Division approval)	Federal Contract (FC-Code): <input type="checkbox"/> (Requires State Budget Division approval)	Private Contribution (V-Code): <input type="checkbox"/> (Requires State Budget Division approval)	Special Rev.Cap.Proj. (A-Code): <input type="checkbox"/> (Requires Capital Outlay Bureau approval)
Special Appropriation (Z-Code): <input type="checkbox"/> (Requires State Budget Division approval)	ARRA (R-Code): <input type="checkbox"/> (Requires State Budget Division approval)	10 digit Department Code: <input checked="" type="checkbox"/>	
Federal Grant (FG-Code): <input type="checkbox"/> (Requires State Budget Division approval)			

Department Code (10 characters max): 1 2 3 4 5 6 7 8 9 10
4 0 2 0 0 0 0 0 0 0

Department Code Long Description (30 characters max): 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30
F I D S E T T L E M E N T P R O C E E D S

Department Code Short Description (10 characters max): 1 2 3 4 5 6 7 8 9 10
F I D S T L M N T

If you are adding a 10 digit Department Code, please indicate what level in the department tree it should be added at.
If the new 10 digit Department Code is a Budgeted Node, please indicate in the diagram below to what P-Code it is going to rollup to.



Establishing Authority for Actions

Statutory Citation*:
Executive Order*:
Custodian of the Account: Regulation and Licensing Department
Purpose: to account for proceeds received from settlement

Agency CFO Signature: Date:

For DFA use on

Approved: <input type="checkbox"/> Denied: <input type="checkbox"/>	Capital Outlay Signature	Date:
Approved: <input type="checkbox"/> Denied: <input type="checkbox"/>	State Budget Division Signature	Date:
Entered: <input checked="" type="checkbox"/>	FCD-SU Signature:	Date: 9/13/2012



**Department of Finance and Administration
Financial Control Division
Fund Maintenance Form**



Agency Information

Requesting Agency: Regulation and Licensing Department	Agency Code: 4 2 0 0 0
Name of Agency Contact: Larissa Byrd	Phone: (505) 476-4523
Agency Contact Email: larissa.byrd@state.nm.us	

Fund Information

Add Fund*: <input checked="" type="checkbox"/>	Change Fund Name: <input type="checkbox"/>	Inactivate Fund: <input type="checkbox"/>	Fund Number to change or Inactivate: <input type="text"/>
Long Description (30 characters max): F I D S E T T L E M E N T P R O C E E D S			
Payroll Related: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	If the new fund is interest bearing, please provide the following information:		
Budgetary Only: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>			
Interest Bearing: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>			
Department: <input type="text"/>		Account: <input type="text"/>	

Fund Type (check if applicable)

Governmental Fund	Propriety Fund	Fiduciary Fund	Fund Disclosure
General <input type="checkbox"/>	Enterprise <input type="checkbox"/>	Investment Trust <input type="checkbox"/>	Reverting <input type="checkbox"/>
Special Revenue <input checked="" type="checkbox"/>	Internal Service <input type="checkbox"/>	Private Purpose <input type="checkbox"/>	Non-Reverting <input checked="" type="checkbox"/>
Debt Service <input type="checkbox"/>		Agency <input type="checkbox"/>	If Fund is non-reverting please provide statutory citation: to be determined next legislative session
Capital Projects <input type="checkbox"/>		Pension (and other employee benefit) <input type="checkbox"/>	
Permanent <input type="checkbox"/>		Trust <input type="checkbox"/>	

Establishing Authority for Actions

Statutory Citation*:	
Executive Order*:	
Custodian of the Account:	Regulation and Licensing Department
Purpose:	to account for proceeds received from mortgage settlement
Agency CFO Signature:	Date:

For Financial Control Division use only

Approved: <input checked="" type="checkbox"/> Denied: <input type="checkbox"/>	CAFR Unit Signature:	Date: 9/24/2012
Approved: <input checked="" type="checkbox"/> Denied: <input type="checkbox"/>	FCD Signature:	Date: 9/24/12
Entered: <input checked="" type="checkbox"/>	FCD-SU Signature:	Date: 9/24/12
New Fund Code: 1 1 5 5 0	Short Description: 1155-All	